

# HOUSE . . . . . No. 1076

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## The Commonwealth of Massachusetts

PRESENTED BY:

**Michael F. Kane**

*To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:*

The undersigned legislators and/or citizens respectfully petition for the passage of the accompanying bill:

An Act Relative to Strategic Investment in the Commonwealth's Chronically Distressed Hospitals Program .

PETITION OF:

NAME:

Michael F. Kane

DISTRICT/ADDRESS:

5th Hampden

# The Commonwealth of Massachusetts

In the Year Two Thousand and Nine

## AN ACT RELATIVE TO STRATEGIC INVESTMENT IN THE COMMONWEALTH'S CHRONICALLY DISTRESSED HOSPITALS PROGRAM .

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

1 Notwithstanding any general or special law to the contrary, there shall be established a program called the  
2 Strategic Investment in Chronically Distressed Hospital Program ("SICDSH"). The purpose of said  
3 SICDSH program shall be to provide annual additional funding from the Executive Office of Health and  
4 Human Services, MassHealth Office, to Disproportionate Share ("DSH") Hospitals, as defined by 114.1  
5 CMR 36.04 and M.G.L. 118G §1, located in economically distressed or tourist-based communities that  
6 consistently show net operating margin below the Massachusetts hospital industry median due to  
7 underfunding from MassHealth program reimbursement and losses on publicly funded behavioral health  
8 care programs. The criteria for a hospital's eligibility for the SICDSH program shall include  
9 consideration of such hospital's payer mix percentage and its operating margin based on annual hospital  
10 filings to the Commonwealth's Division of Health Care Finance and Policy (the "Division") for the  
11 preceding hospital fiscal year, adjusted to exclude any grants awarded from the Essential Community  
12 Provider Trust Fund. DSH hospitals that have a corporate affiliation with any managed care organization  
13 under contract with the Executive Office of Health and Human Services, Office of Masshealth  
14 ("Masshealth Office"), shall not be eligible to participate. The SICDSH program shall provide annual  
15 funding relief to eligible DSH hospitals based on an analysis and findings by the Division from a review  
16 of the eligibility criteria for relief. DSH hospitals may petition the Division to request a determination of  
17 eligibility for a payment through the SICDSH program. A determination of eligibility shall cause the  
18 MassHealth Office to upwardly adjust said hospital's MassHealth rates and inpatient psychiatric rates, as  
19 reimbursed either through the Masshealth Office or its single statewide contractor for managed behavioral  
20 health care services, to bring said eligible hospital's operating margin up to the industry median for all  
21 hospitals statewide, as determined by hospital cost reports on file with the Division for the prior fiscal  
22 year. Said review and adjustment shall be completed within 90 days of the close of the hospital fiscal  
23 year for each eligible hospital. Hospitals that receive funding from the SICDSH program shall maintain  
24 records of amounts received from the program and of expenditures made from such funds, and shall make  
25 such records available for inspection upon request by the Division.